

Message Text

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PAGE 01 VIENNA 00686 021625Z

64

ACTION EB-11

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SUBJECT: PROPOSED NEW INTERNATIONAL DEVELOPMENT COUNCIL

REF: A. STATE 161348; B. STATE 165394

SUMMARY: PRELIMINARY GOA REACTION (MINISTRY OF FINANCE) ON PROPOSED NEW INTERNATIONAL DEVELOPMENT COMMITTEE IS CAUTIOUS MIXED WITH CONCERN THAT COMMITTEE WOULD BECOME EXCLUSIVE INSTRUMENT OF LARGE COUNTRIES. GOA ALSO CONCERNED THAT ORGANIZATION OF COMMITTEE COULD TRIGGER POLITICAL TUG PULLING AMONG CONSTITUENT MEMBERS OF IMF/BANK GROUPS. END SUMMARY.

1. ECONCOUNS DELIVERED LETTER CONTAINING FULL TEXT OF SECRETARY SIMON'S LETTER TO GOVERNORS OF C-20 TO SEKTIONS-CHEF NEUDORFER, SENIOR OFFICIAL IN FINANCE MINISTRY FOR INTERNATIONAL AFFAIRS. (MINISTER ANDROSCH CURRENTLY ON LEAVE.)

2. NEUDORFER SAID HE WAS AWARE OF USG PROPOSAL SINCE HE
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PAGE 02 VIENNA 00686 021625Z

HAD ATTENDED C-20 MEETINGS IN ROME AND WASHINGTON. HE

RECALLED THAT MINISTER ANDROSCH HAD STATED HIS VIEW AT THESE MEETINGS THAT NEW COMMITTEE WAS DELICATE MATTER FOR SMALL COUNTRIES SUCH AS AUSTRIA. BOTH IN ROME AND WASHINGTON, ANDROSCH HAD EXPRESSED HIS CONCERN THAT COMMITTEE MIGHT MAKE DECISIONS THAT WOULD BE BINDING ON CONSTITUENT COUNTRIES AND THAT "THERE COULD BE NO TAXATION WITHOUT REPRESENTATION." CONTINUING ON THIS THEME, NEUDORFER, WHO WILL HAVE CONSIDERABLE INFLUENCE ON GOA ATTITUDE TOWARDS U.S. PROPOSAL, OPINED THAT IT WOULD BE DIFFICULT TO CREATE NEW INSTRUMENTALITY THAT WOULD NOT GIVE A VOICE TO "POTENTIAL NEW MEMBERS SUCH AS EASTERN EUROPEAN COUNTRIES." FURTHER, HE FELT THAT PROPOSED COMMITTEE WOULD BECOME AN INSTRUMENT FOR THE LARGE COUNTRIES AND REFLECT "TYPICAL AND LEGITIMATE" ATTITUDES OF THESE COUNTRIES. WHILE DECISIONS OF THE COMMITTEE MIGHT NOT BE BINDING NOW, COMMITTEE WOULD CERTAINLY FIX THE POLICY LINES OF THE FUTURE.

3. DRAWING ON GUIDANCE CONTAINED REF B, ECONCOUNS MENTIONED THAT INITIAL US VIEW WAS THAT GROUP WOULD CORRESPOND TO IMF CONSTITUENCIES BUT THAT INDIVIDUAL REPRESENTATIVES NEED NOT BE IDENTICAL WITH IMF BOARD OF DIRECTORS. NEUDORFER REPLIED THAT EVEN SUCH A PROCEDURE COULD CREATE PROBLEMS FOR NEUTRAL AUSTRIA AND THAT GOA WOULD NOT WISH TO GET INTO A "STRUGGLE" WITH ITS IMF GROUP MEMBERS (BELGIUM, TURKEY AND LIXEMBOURG) TO SEE WHO WOULD LEAD THE GROUP IN THE NEW COMMITTEE. HE ADDED THAT ORGANIZATIONAL TERMS OF REFERENCE OUTLINED IN SIMON LETTER COULD CREATE DIFFICULT POLITICAL PROBLEMS FOR SOME MEMBERS OF COMMITTEE AS WELL AS SOME CONSTITUENT MEMBERS WHO WOULD NOT WISH TO BE BOUND BY DECISIONS MADE, PARTICULARLY WITH REGARD TO AID TO MSAS.

4. ECONCOUNS SAID THAT US FAVORS A LIMITED SIZE GROUP AS A MORE EFFICIENT WAY TO DEAL WITH PROBLEMS OF LDCS AND MSAS. ALSO STRESSED THAT WE ENVISAGED NEW GROUP WOULD COORDINATE ITS ACTIVITIES WITH EXISTING IFIS AND OTHER INTERNATIONAL BODIES. NEUDORFER SAID HIS VIEWS WERE, OF COURSE, ONLY PRELIMINARY AND THAT HE LIMITED OFFICIAL USE

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PAGE 03 VIENNA 00686 021625Z

WOULD BRING SECRETARY SIMON'S LETTER TO FINANCE MINISTER ANDROSCH'S ATTENTION AS SOON AS POSSIBLE. HE FELT USG PROPOSAL REQUIRED VERY CAREFUL STUDY AND EXPRESSED APPRECIATION FOR HAVING BEEN BRIEFED ON THIS MATTER. HE WOULD ALSO BRING PROPOSAL TO ATTENTION OF CENTRAL BANK PRESIDENT KLOSS AND THAT HE EXPECTED TO HAVE FUTHER VIEWS ON THE MATTER IN SEPTEMBER.

5. COMMENT: NEUDORFER'S FIRST REACTION NOT SURPRISING IN VIEW TRADITIONAL GOA CONCERN THAT THEY MIGHT BECOME PARTY TO DECISIONS NOT CONSISTENT WITH AUSTRIAN POLICY OF NEUTRALITY. GOA WOULD PROBABLY FEEL MORE COMFORTABLE IF NEW COMMITTEE STRUCTURE WERE TO REMAIN SAME AS THOSE FOR FUND/BANK. GOA HAS LEARNED TO LIVE WITH ITS PRESENT IMF GROUP, WHICH INCLUDES TWO EC MEMBERS (DESPITE FACT, AS NEUDORFER POINTED OUT, THAT THIS HAD OFTEN LED TO SPLIT POSITIONS WITHIN GROUP.) NEUDORFER, IN FACT, OBSERVED THAT THERE MIGHT WELL BE A "GLOBAL" FREE-FOR-ALL IF REPRESENTATION IN NEW COMMITTEE WERE NOT IDENTICAL WITH IMF BOARD OF DIRECTORS.

6. DIFFICULT TO PREDICT NOW HOW GOA VIEWS ON NEW COMMITTEE WILL EVOLVE. SUMMER LULL WILL PREVENT AUSTRIANS FROM TAKING SOUNDINGS WITH OTHER COUNTRIES NOW, BUT WE EXPECT GOA WILL DO SO DURING SEPTEMBER. KEY CONSIDERATION IN AUSTRIAN ATTITUDE WILL BE HOW NEW COMMITTEE WOULD IMPLEMENT ITS "BROAD MANDATE" CONCERNING RESOURCE TRANSFERS TO LDC AND MSAS. MOWINCKEL

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